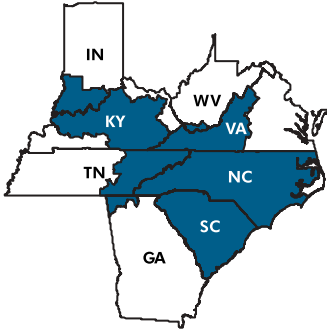


THE COURIER

Appalachian Marketing Area Monthly Newsletter



Harold H. Friedly, Jr.
Market Administrator

Record High Prices

In recent months, the Federal Order 5 uniform price and all four class prices have reached record levels. The July 2007 uniform price of \$23.28 per hundredweight is the highest announced price since the conception of Federal Order 5 in January 2000 as a result of Federal Order Reform. The June 2007 uniform price of \$20.70 per hundredweight also set a record high uniform price. The previous high was \$20.54 per hundredweight set in June 2004.

A record high Class I price of \$24.86 per hundredweight was announced for August 2007. The previous record high was \$24.23 per hundredweight in June 2004. The Class II price of \$21.40 per hundredweight, Class III price of \$21.38 per hundredweight, and Class IV price

of \$21.64 per hundredweight for July 2007 were also all record high minimum prices. New high records have been set each preceding month since May 2007 for Class II prices and April 2007 for Class IV prices. The previous record highs were \$16.24 per hundredweight for Class II and \$15.59 per hundredweight for Class IV in September 2001. The previous record high for Class III was \$20.58 per hundredweight in May 2004.

Dry whey market prices and cheese prices on the Chicago Mercantile Exchange have decreased slightly over the past month, so it appears that the Class III price may have reached its peak in July. Class II and IV prices are expected to remain strong through the end of the year.

USDA Expands CRP Emergency Haying and Grazing

On July 20, 2007, Agriculture Secretary Mike Johanns announced a measure to provide livestock in drought-affected states with needed additional hay and forage. Conservation Reserve Program (CRP) acreage eligible for emergency haying and grazing in Alabama, Indiana, Mississippi, Montana, Ohio, Oregon and Tennessee has been expanded to include land in an area radiating 210 miles out from all counties previously approved for emergency haying and grazing.

“We are closely monitoring the drought and providing assistance when we can,” said Johanns. “Emergency haying and grazing is a helpful tool for livestock owners and I’m pleased to make it available to more farmers and ranchers.”

CRP is a voluntary program that offers annual rental payments and cost-share assistance to establish long-term resource-conserving cover on eligible land. The expansion permits

approved CRP participants to cut hay or graze livestock on CRP acreage, providing supplemental forage to producers whose pastures have been negatively affected by drought.



<http://drought.unl.edu/dm/monitor.html>

To be approved for emergency haying or grazing, a county must be listed as a level “D3 Drought – Extreme” or greater according to the U.S. Drought Monitor, <http://drought.unl.edu/dm/monitor.html>, or have suffered at least a 40 percent loss of normal moisture and forage for

Inside This Issue:

- Appalachian Statistical Summary 2**
- June Milk Production Up 1.2% 2**
- U.S. Monthly Milk Per Cow, 2004-2007 2**
- USDA Expands CRP (continued) 3**
- U.S. Drought Monitor Map 3**
- April - June Milk Production Up 1 Percent 3**
- FMMO Statistics - June 2007 4**

Appalachian Statistical Summary

JULY 2007

JUNE 2007

JULY 2006

PRICES: (Base Zone)

Uniform Price	\$23.28	\$20.70	\$13.33
Class I Price	24.01	20.94	14.44
Class II Price	21.40	18.89	10.83
Class III Price	21.38	20.17	10.92
Class IV Price	21.64	20.76	10.21
Uniform Skim Milk Price	\$18.14	\$15.58	\$9.30
Class I Skim Milk Price	18.71	15.98	10.34
Class II Skim Milk Price	16.31	13.58	6.76
Class III Skim Milk Price	16.31	14.93	6.88
Class IV Skim Milk Price	16.58	15.54	6.15
Uniform Butterfat Price	\$1.6499	\$1.6199	\$1.2457
Class I Butterfat Price	1.7018	1.5776	1.2740
Class II Butterfat Price	1.6180	1.6527	1.2298
Class III Butterfat Price	1.6110	1.6457	1.2228
Class IV Butterfat Price	1.6110	1.6457	1.2228

PRODUCER MILK:

Class I	327,471,320	320,902,196	324,669,429
Class II	89,468,419	92,418,284	83,180,700
Class III	27,867,447	11,000,345	25,686,792
Class IV	36,193,123	12,892,100	56,128,921
Total Producer Milk	481,000,309	437,212,925	489,665,842

PERCENT PRODUCER MILK IN:

Class I	68.08	73.40	66.30
Class II	18.60	21.14	16.99
Class III	5.80	2.51	5.25
Class IV	7.52	2.95	11.46

APPALACHIAN MARKETING AREA STATS FOR JULY 2007:

⇒ The Uniform Price for July 2007 was \$23.28, up \$2.58 compared to \$20.70 for June 2007, and up \$9.95 compared to \$13.33 for July 2006.

⇒ Total Class I Milk for July 2007 was 327,471,320, an increase of 6.6 million pounds or 2 percent from June 2007, and an increase of 2.8 million pounds or 0.86 percent from July 2006.

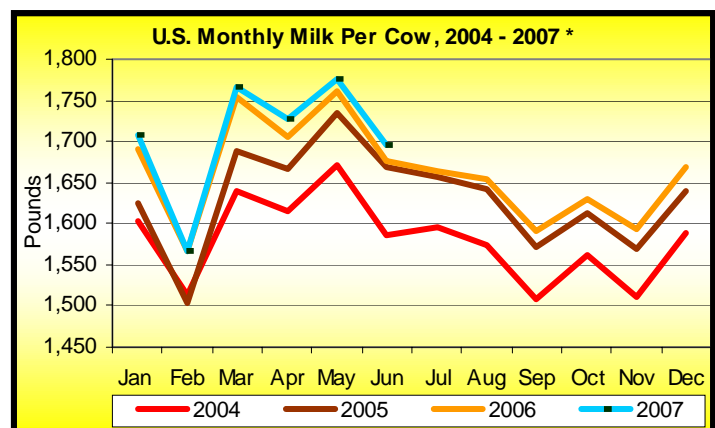
⇒ Class I Utilization for July 2007 increased 1.78 percent from a year ago to 68.08 percent.

June Milk Production Up 1.2 Percent

Milk production in the 23 major states during June totaled 14.2 billion pounds, up 1.2 percent from June 2006. May revised production, at 14.9 billion pounds, was up 1.1 percent from May 2006. The May revision represented an increase of 7 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major states averaged 1,713 pounds for June, 16 pounds above June 2006.

The number of milk cows on farms in the 23 major states was 8.29 million head, 19,000 head more than June 2006, and 2,000 head more than May 2007.



* Based on entire U.S. production.

USDA Expands CRP, cont'd from page 1

the preceding four-month qualifying period. USDA Farm Service Agency (FSA) state committees may authorize emergency haying or grazing of CRP land in counties currently listed as level D3 drought. CRP participants who want to apply for emergency haying and grazing to their local FSA office must wait until after the nesting season for certain birds.

Only livestock operations located within approved counties are eligible for emergency haying or grazing of CRP acreage. CRP participants who do not own or lease livestock may rent or lease the grazing privilege to an eligible livestock farmer located in an

approved county. Producers with CRP acreage that is hayed or grazed will be assessed a 10 percent reduction in their annual rental payment.

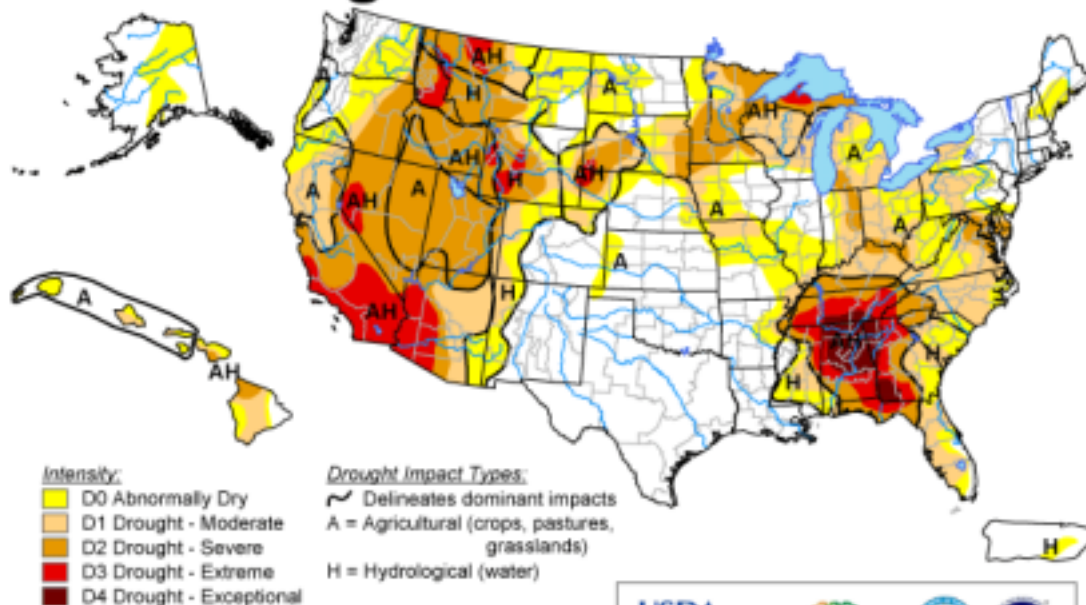
Maps relating to this announcement and more information on emergency haying and grazing are available at local FSA offices and online at: <http://www.fsa.usda.gov/>.

USDA offers a number of programs to assist producers affected by drought or other natural disasters. More information is available on FSA's Web site, <http://www.fsa.usda.gov>; click on Disaster Assistance Programs.



U.S. Drought Monitor

August 7, 2007
Valid 8 a.m. EDT



- Intensity:**
- D0 Abnormally Dry
 - D1 Drought - Moderate
 - D2 Drought - Severe
 - D3 Drought - Extreme
 - D4 Drought - Exceptional

- Drought Impact Types:**
- ~ Delineates dominant impacts
 - A = Agricultural (crops, pastures, grasslands)
 - H = Hydrological (water)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://drought.unl.edu/dm>



Released Thursday, August 9, 2007

Author: Brian Fuchs, National Drought Mitigation Center

More information on emergency haying and grazing is available at local FSA offices and online at: <http://www.fsa.usda.gov/>.

April - June Milk Production Up 1 Percent

Milk production in the U.S. during the April - June quarter totaled 47.4 billion pounds, up 1.1 percent from the April - June quarter last year.

The average number of milk cows in the U.S. during the quarter was 9.13 million head, 2,000 head less than the same period last year.

**APPALACHIAN MARKETING AREA
FEDERAL ORDER 5**

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Federal Milk Marketing Order Statistics - June 2007

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	1,857	832	44.8	20.80
5 Appalachian	437	321	73.4	20.70
6 Florida	258	205	79.2	21.62
7 Southeast	559	373	66.7	20.76
30 Upper Midwest	1,989	344	17.3	20.12
32 Central	811	334	41.2	19.80
33 Mideast	1,313	493	37.5	19.91
124 Pacific Northwest	577	177	30.6	20.19
126 Southwest	435	321	73.8	20.48
131 Arizona	323	108	33.4	20.30
All Orders ¹	8,560	3,507	41.0	20.35

¹ Weighted average uniform prices at 3.5% butterfat at announced locations.

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